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PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH COUNTRY PROGRAMME FOR URUGUAY

Note by the Administrator

I. PROCESS OF THE PROGRAMMING EXERCISE

1. The process of preparation of the fifth country programme was initiated at the beginning of 1991 by a first meeting at which a general exchange of views took place among national officials at the highest executive level, headed by the President of the Republic, the heads of the technical agencies represented in Uruguay and the UNDP Resident Representative/Coordinator. The dialogue centred around a document in which the UNDP office analysed the conclusions and recommendations of the review of the fourth programme and presented the central themes and cooperation modalities which UNDP is promoting on the basis of the guidelines established in Governing Council decision 90/34.

2. On that occasion, the Government stated its general priorities for external technical cooperation in support of the implementation of its development strategy, pointing out the high level of compatibility between them and the central cooperation themes originally presented by UNDP.

3. That dialogue, as well as the discussions that took place with the Budget and Planning Office (OPP) and other sectoral national institutions, constituted the basis on which UNDP subsequently prepared its advisory note.

4. After analysing that document together with UNDP and establishing the broad lines of action, OPP initiated a process of identifying specific priorities for technical cooperation at the level of national institutions. Account was also taken of the recommendations of an international advisory mission on regional integration, conversion of production and the role of the State in support of whose policies, as well as of the input of the specialized agencies with respect to the identification of specific priorities and strategies at the sectoral level.

5. Against that general background, the programme was formulated by OPP in consultation with and with the cooperation of the local UNDP office.

II. FIFTH COUNTRY PROGRAMME FOR URUGUAY

6. In the current historical situation, the Government's strategy for restoring the pattern of growth with social justice which had already distinguished Uruguay in the Latin American context at the beginning of this century, has two main characteristics: reform of the State and openness to the outside world, expressed fundamentally in the decision to participate in the process of subregional integration with Argentina, Brazil and Paraguay in the Mercado Común del Sur (MERCOSUR).

7. Independently of the progress made in that process over the coming years, the commitment that has been entered into has immediate repercussions on the behaviour of economic agents, affecting both macroeconomic policies and sectoral ones, such as conversion of production, scientific and technological development, employment levels and income distribution, and even the redefinition of the role of the State itself.

8. Within this general framework, the Government has decided to request that UNDP cooperation during the fifth programme should focus on the generation and strengthening of permanent national capacity in three basic areas of its development strategy: (a) investment promotion and conversion of production; (b) reform of the State and modernization of its management; and (c) formulation and implementation of social policies. In view of the historic challenge posed by the subregional integration process that has been referred to, the programme incorporates this specific dimension in the above three areas of concentration.

9. Likewise, the Government has requested UNDP collaboration in support of the introduction of a programme approach to technical cooperation, by contributing to the coordination of activities and the mobilization of resources additional to the indicative planning figure (IPF), including the preparation and/or execution of programmes and projects financed by the Inter-American Development Bank (IDB) and the World Bank.

10. The limited capacity of the Uruguayan economy to generate relevant opportunities for investment in production in recent years has had two basic consequences: widespread economic stagnation and technological backwardness in some of the most relevant sectors. Although the country is achieving important localized results, this issue has not yet to date been tackled through an integrated and coherent approach. Moreover, the advent of MERCOSUR poses specific challenges with respect to resource allocation at the sectoral level which directly affect the process of placement of investments.

11. The activities of the programme in this area aim at helping to overcome these limitations. A comprehensive approach is introduced designed to strengthen management capacity at the public and private level with respect to investment promotion, subregional integration, development of small- and medium-scale enterprise and linkage between the circles in which scientific and technical knowledge is generated and the production sectors. These activities will be financed in the amount of $1.8 million under the IPF and $4.1 million in cost-sharing.

12. The process of transformation of the State is not conceived of in isolation, as an objective in itself, but plays a key role in the overall development strategy. The redefinition of the State's spheres of competence, as well as the modernization of its management, are instruments in the service of economic growth and social equity.

13. On this basis, the programme will support the expansion and intensification of the extremely productive results with respect to debureaucratization designed and initiated with UNDP collaboration in the context of the fourth programme. Likewise, support will be given to institutional modernization processes including the generation of national capacity to execute investment programmes and projects in selected areas, using UNDP resources as "seed capital". These activities will be financed in the amount of $1.8 million from the IPF and $6.6 million in cost-sharing.

14. Despite Uruguay's favourable position on the Human Development Index, the country's social situation has over the past two decades undergone serious deterioration which the Government proposes to tackle as a matter of urgency. Because of their global nature and the lack of coordination, the existing social programmes at the public and private level are not adequate instruments for this purpose.

15. Consequently, the activities of the programme in the area of social policies will be directed towards strengthening the State's capacity to reorganize and focus public expenditure on social issues in coordination with the programmes and projects promoted by NGOs and by the private sector in general. Likewise, as a supplementary measure, they will support the design and execution of specific social programmes for youth, women and housing for low-income sectors. These activities will be financed in the amount of $0.7 million from the IPF and $5.2 million in cost-sharing.

16. The Administrator takes note of the fact that three of the priority themes specified in Governing Council decision 90/34 - poverty eradication and grass-roots participation in development, management development and technology for development - are directly linked with the areas of concentration established in the programme. Likewise, the TCDC mechanism will prove to be a relevant instrument in relation to subregional integration; the participation of women in development is incorporated in the exercise of redefining social policies, and environmental problems and natural resource management will receive additional support from the Global Environment Facility and the Trust Fund for the Montreal Protocol.

III. MANAGEMENT OF THE PROGRAMME

17. The introduction of the programme approach is reflected in the simultaneous coverage of three aspects: the interrelationships between the set of projects within each thematic area; the "common ground" among the three areas proposed; and subregional integration as a common denominator of the national development strategy.

18. In support of this concept, and with a view to ensuring maximum efficiency in the use of the resources available for technical cooperation, UNDP will collaborate with the Government in the coordination of concurrent activities in similar or complementary areas being carried out with financing from other multilateral and bilateral cooperation agencies.

19. For the purpose of evaluating the results achieved and considering in a dynamic way the specific objectives set in each thematic area, periodic meetings will be held to analyse and monitor the progress of the programme, and a review of it will be conducted in 1994.

20. National execution, in which Uruguay has already acquired valuable experience, will continue to be the predominant modality of execution, supplemented by specific advisory services from the specialized technical bodies of the United Nations for the formulation, execution and evaluation of subprogrammes and projects in their respective areas of competence.

IV. RECOMMENDATION OF THE ADMINISTRATOR

21. The programme is based on a comprehensive approach which adequately reflects the national priorities and is focused on the areas of greatest relevance to the country in the present historical situation. Accordingly, the majority of the UNDP interventions will be directly linked to investment and technical cooperation programmes financed by multilateral and bilateral agencies.

22. Consequently, the Administrator considers that the programme constitutes a highly appropriate framework for enhancing the impact of the cooperation UNDP is able, with its limited resources, to extend to Uruguay in support of the sustained process of human development by playing a catalytic role in the coordination of external cooperation and in the mobilization of additional financial resources.

23. For these reasons, the Administrator recommends that the Governing Council approve the fifth country programme for Uruguay.